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No Social Security for Illegal Aliens

by Rep. Tom Feeney Posted Jan 18, 2007

The U.S.-Mexico Social Security Totalization Agreement currently being drafted by the Social Security Administration is not far from implementation. After the current agreement is finalized, approved by the State Department, and signed by the President, Congress will have 60 days to pass a resolution of disapproval of the agreement. If Congress does not disapprove, it will automatically go into effect. Though the stated aim of the totalization agreement is to coordinate the Social Security programs of both countries to our mutual benefit, the actual advantages clearly lie in Mexico's favor.

Though there are no official statistics on how many Americans work and pay taxes in Mexico, there are most definitely far, far fewer than the 9.2 million Mexicans working in the U.S., approximately 69% of whom are illegal aliens. Though the Social Security Administration has asserted that the benefits accruing from this totalization agreement will only be available to those who have worked legally in the U.S., the Social Security Protection Act of 2004 they cite in support only applies from 2004 forward. In addition, this legislation would not apply to those who are working here now illegally but later gain legal status, as the new Democratic Congress and President Bush would like to see.

If the totalization agreement is allowed to go into effect through congressional inaction, the Social Security Administration says that 50,000 additional Mexicans would qualify for Social Security benefits in the first five years at a total estimated cost of \$525 million. This number would not include family members waived in or the millions of illegal immigrants who may be granted amnesty. In that same time period, they stated that the agreement would only save U.S. workers and their employers \$140 million, or an average of \$28 million a year. Our existing 20 totalization agreements average savings of, per country, \$40 million a year. Not only are the costs of this agreement almost four times the savings, it saves us \$10 million less than the average agreement.

It only takes simple math to see the glaring disparities in this cost-benefit analysis, and it provides a startling parallel between the overall economic disparity between the U.S. and Mexico that encourages Mexicans to illegally migrate north in exponentially increasing numbers every year. Providing the incentive of Social Security benefits would not only grant far greater benefits to Mexico than to the U.S., it would provide further incentives for illegal immigration. As recently as 2002, a study by the Center for Immigration Studies reported that illegal alien households may have paid \$16 billion in taxes, but they imposed more than \$26.3 billion in costs on the federal government; there is no indication this trend will reverse itself, even if amnesty is granted.

This totalization agreement would impose considerable additional costs on a U.S. Social Security system already over-burdened and scheduled for insolvency by 2040, and it would encourage further illegal immigration by low-skilled Mexicans who consume more in entitlements than they pay in taxes. Perhaps the virtues of this agreement lie in other areas? In the U.S., it only takes 10 years worth of work to fully vest in the Social Security program, and partial benefits may be granted to those who have worked here as little as 18 months. In Mexico, it takes 24 years to achieve fully vested benefits, and totalization does nothing to address this inconsistency. No benefits there either.

Though Congress has never before voted to disapprove of a totalization agreement, this agreement with Mexico represents a drastic departure from comparable programs with other countries: it affects a far greater number of people, it involves more significant costs while conferring fewer benefits, and it provides incentives for further illegal immigration—a problem unique to our neighbor to the south. If the President signs this agreement and sends it to Congress to review, I hope that my colleagues will put serious thought to where the benefits of this agreement lie, and I think they will find that the answer is not in the United States.

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